

PART 1848  
VALUE ENGINEERING  
(September 2015)

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PART 1848  
VALUE ENGINEERING

Subpart 1848.1—Policies and Procedures

1848.102 Policies.

(a) The Senior Procurement Executive is the approval authority for exemptions.

(f) In calculating instant or future contract savings on firm-fixed-price contracts when the parties have not set out a specific figure for profit, the contracting officer shall use the total contract price as the basis for calculating the savings.

1848.103 Processing value engineering change proposals.

(a) Upon receipt of a VECP, the contracting officer shall promptly forward it to the technical officer responsible for the contract with the following information:

(i) Date of VECP receipt.

(ii) Date for notifying the contractor of VECP acceptance or rejection.

(iii) Notification of the potential for awarding concurrent, future, or collateral savings to the contractor if the VECP is accepted.

(iv) Request for a technical evaluation, with complete rationale for recommended acceptance or rejection, to include the following if acceptance is recommended:

(A) An estimate of the type of savings, Government costs, etc., that can be expected from its acceptance.

(B) A procurement request setting forth the specification changes to be used in any contract modification accepting the VECP in whole or in part.

(C) Additional funds if acceptance of the VECP results in negative instant contract savings.

(v) Technical evaluation due date.

1848.104 Sharing arrangements.

1848.104-3 Sharing collateral savings.

(a) The contracting officer is authorized to make the determination that the cost of calculating and tracking collateral savings will exceed the benefits to be derived.

#### Subpart 1848.2--Contract Clauses

1848.201 Clauses for supply or service contracts.

(a)(6) The Senior Procurement Executive is the approval authority for exemptions.

(b) The contracting officer shall not insert the clause at FAR 52.248-1, Value Engineering, either with or without its Alternates, in an R&D contract where the statement of work is essentially an incorporation by reference of the prospective contractor's proposal. If any other part of the statement of work in such a contract reflects a Government specification that might benefit from application of VE techniques, the contracting officer shall consider inserting the VE incentive clause at FAR 52.248-1 with any applicable Alternate(s), and establish the applicability of the clause to that part.

(c) Except as prescribed in paragraph (b) of this section, the contracting officer shall insert the clause at FAR 52.248-1 with its Alternate I in initial production contracts for major systems, and major systems R&D contracts for full-scale development, unless the contracting officer determines in writing that its use is inappropriate. Use of Alternate I is appropriate for an R&D major systems contract only if the contract specifications contain detailed requirements that lend themselves to VE.

(d) The contracting officer shall insert the clause at FAR 52.248-1 with its Alternate II under the conditions prescribed in paragraph (c) of this section.